



San Diego City Attorney MICHAEL J. AGUIRRE

NEWS RELEASE

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AGUIRRE SUPPORTS 85% OF THE KROLL REPORT STEPS ON REMEDIATION Agrees With Mayor That Many Should Have Already Been in Place

San Diego, CA: Calling many of the Mayor's remediation recommendations that are borrowed from the \$20.3 million Kroll Report common sense proposals, City Attorney Michael Aguirre today provided a list of the specific recommendations he supports.

"I agree with Mayor Sanders. Many of the recommendations are appalling in how obvious they are and should have been in place a long time ago," said Aguirre. "Having these systems in place is the norm for any major city. It's only a wonder why we had to pay \$20.3 million for something so readily apparent," the City Attorney added.

As to the other recommendations in the Mayor's Reform Plan, Aguirre urged a broad public debate rather than its wholesale adoption at the special council meeting on September 6, 2006. According to Aguirre, several of the proposals do not lend themselves to reform and require deeper analysis.

Specifically, the City Attorney said he will support recommendations 2-6, 11-16, 19-23, 25-35, and 37-54. They are contained in Appendix M of the Kroll Report which can also be accessed on the City Attorney's Website at www.sandiegocityattorney.org and go to *Significant Reports & Legal Documents*.

Proposed Remediation Measures 2-6

- 2) Financial Reporting and Accounting-Related Training
- 3) Information Technology
- 4) Internal Control Training and Independent Verification
- 5) Annual Management Report by Mayor and CFO
- 6) Annual Management Report by Subordinate Accounting Office

Proposed Remediation Measures 11-16

- 11) Public Information Regarding Long Term Liabilities
- 12) Board Composition (San Diego City Employees' Retirement System SDCERS)
(MORE)

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- 13) Board Committees (SDCERS)
- 14) SDCERS CAFR
- 15) SDCERS Financial and Accounting Competency
- 16) Contributions by the City of San Diego

Proposed Remediation Measures 19-23

- 19) Funding Method
- 20) Budget Assumptions/Monthly Budgeting
- 21) Five Year Plan
- 22) Disclosure Training
- 23) City Council 14-Day Disclosure Review Period

Proposed Remediation Measures 25-35

- 25) Revenues and Expenditures
- 26) Budgeting and Finance Principles
- 27) Financial Reporting
- 28) Financial Statement Preparation
- 29) Complex Accounting System
- 30) Cash and Investment Reconciliation
- 31) City Treasurer's Cash
- 32) Journal Entry Process
- 33) Annual Financial Statement Audit Process
- 34) Internal Audit—Risk Assessment Process
- 35) Pension Accounting

Proposed Remediation Measures 37-54

- 37) Capital Asset Accounting
- 38) Land Held for Resale
- 39) Deferred Maintenance and Unfunded Procurement
- 40) Construction-In-Progress ("CIP")
- 41) Accounts Receivables
- 42) Accounts Payable and Accrued Expenses
- 43) Metropolitan Wastewater Utility
- 44) Metropolitan Wastewater Utility
- 45) Risk Management
- 46) Workers' Compensation Penalties
- 47) Procurement
- 48) Human Resources
- 49) Internal Monitoring
- 50) Overpayment of Deceased Pensioners

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- 51) Suggestions Related to SDCERS
- 52) City Attorney Certifications
- 53) Discontinue Assigning Responsibility for Preparing CAFRs and Bond Offerings to Outside Professionals
- 54) Information Technology

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